

VZCZCXRO1043

PP RUEHAO RUEHCD RUEHGA RUEHGD RUEHHA RUEHHO RUEHMC RUEHMT RUEHNG
RUEHNL RUEHQU RUEHRD RUEHRG RUEHRS RUEHTM RUEHVC
DE RUEHCV #1325/01 2881538
ZNY CCCCC ZZH
P 151538Z OCT 09
FM AMEMBASSY CARACAS
TO RUEHC/SECSTATE WASHDC PRIORITY 3822
INFO RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS
RHMFISS/TSA HQ WASHINGTON DC
RHMCSUU/FAA MIAMI ARTCC MIAMI FL
RHEHNSC/NSC WASHDC
RUMIAAA/HQ USSOUTHCOM MIAMI FL
RUCPDOG/DEPT OF COMMERCE
RUEATRS/DEPT OF TREASURY

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 001325

SIPDIS

HQ SOUTHCOM ALSO FOR POLAD
COMMERCE FOR 4332/MAC/WH/JLAO
TREASURY FOR RJARPE
NSC FOR RKING

E.O. 12958: DECL: 07/17/2019

TAGS: [CASC](#) [CVIS](#) [EAIR](#) [ECON](#) [ETRD](#) [PGOV](#) [PREL](#) [PTER](#) [SNAR](#)

VE

SUBJECT: GBRV INCREASINGLY ISOLATING ITSELF ON AVIATION

Classified By: Economic Counselor Darnall Steuart for reasons 1.4 (b) and (d).

11. (SBU) SUMMARY: The International Air Transport Association (IATA), reports that all international airlines continue to experience prolonged delays in receiving dollars from the Venezuelan Commission for Foreign Exchange Administration (CADIVI). According to IATA statistics in early October, four U.S. carriers alone were waiting for approximately \$254 million while all international carriers were owed more than \$741 million. IATA noted that its relations with the Venezuelan National Institute of Civil Aviation (INAC) are also deteriorating as demonstrated by an INAC decision to terminate a contract with IATA for the collection of overflight fees.

CADIVI problems

12. (C) In a meeting with EconOffs on October 6, 2009, Marisela de Loaiza, Venezuela Country Manager for IATA, stated that CADIVI continues to delay its payments to all international airlines. As of that date, CADIVI owed forty three international airlines over \$741 million. Four U.S. carriers (American Airlines, Continental, Delta and Fedex) were waiting for approximately \$254 million. Of that, American was owed \$181 million. (Loaiza subsequently contacted Econoff to inform her that American had received a \$27.6 million payment from CADIVI for its February receipts.) Loaiza noted that while CADIVI appears to distribute the foreign exchange on a discretionary basis, the carriers most affected are Air France, Copa, and Avianca. She added that Air Europa had received payments for four months surrounding a visit to Venezuela by Spanish Foreign Minister Moratinos but Iberia had not received a penny. An IATA Vice President recently visited Venezuela and met with CADIVI but was unsuccessful in getting any additional payments. Central Bank Governor Nelson Merentes had also met with IATA and pledged to facilitate the process, but no improvements have been made. This situation is creating a tense environment for many airlines.

IATA in Venezuela

13. (C) Loaiza also emphasized that IATA has little communication with INAC which is restricting its effectiveness in Venezuela. As an example of the

deteriorating relationship between the two entities, Loaiza noted that IATA had collected overflight fees on behalf of the GBRV for a 1.7 percent commission. In June 2009, INAC raised the fees by 107 percent and subsequently informed IATA that it would not renew its contract when it expired in September. There is still disagreement on how much INAC owes IATA after this steep increase in the fees. Loaiza stated that Ramon Yopez, formerly an INAC employee and Managing Director of Conviasa (state-owned airline), has set up a company called SIATA and is now being contracted to collect the overflight fees at a commission rate unknown to IATA.

IATA Inspectors

14. (C) Inconsistencies in communication between IATA and INAC were also evident in an incident in August 2009 when IATA successfully lobbied for a free visit by an IATA inspector to examine the Caracas international airport and to make recommendations to authorities on how to improve its operations. Loaiza noted that such advisory visits are usually highly coveted by airport operations management and would be especially useful since INAC had not allowed the U.S. Transportation Security Administration (TSA) to inspect the airport facilities and there had been concerns regarding airport operations. Although the offer was initially accepted, the airport director tried to call off the inspection the day before it was supposed to take place because he felt he should not have authorized the visit and needed approval from the Ministry of Infrastructure. After a great deal of coaxing, Loaiza was able to convince the airport director to clear the visit. Loaiza then added that,

CARACAS 00001325 002 OF 002

during the visit, she and the visiting inspector walked unchallenged through an underground corridor between the international and domestic terminals and found themselves in the sterile area of the domestic terminal.

Baggage Inspection Delays

15. (C) IATA also commented on the long delays many airlines are experiencing in departing Caracas due to baggage inspections. There are two agencies checking bags at the airport: the airport police checking for weapons, and the National Guard for drugs. They do not check the bags at the same time, but require separate inspections. If there is a problem with a bag, the airport authorities call the passenger down to be present when they open the bag. In the meantime, they do not allow any other bags to pass onto the aircraft. Loaiza said these delays were especially bad for Air France, with average delays of three hours. As a result, Air France has now delayed the departure times of its flights into the evening.

16. (C) COMMENT: IATA's report underlines what seems to be the increasing isolation of the Government of the Bolivarian Republic of Venezuela (GBRV) with respect to international cooperation on aviation. This may be due in part to new personnel at INAC, which, according to Loaiza, experiences frequent changes in management. The postponement of dollar payments by CADIVI will likely be exacerbated in the future, especially if international air travel sales (IATA reports 10% growth in 2009 versus the same period in 2008) continue to be strong.

DUDDY